

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



April 1, 1987

ALL COUNTY LETTER NO. 87-48

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: TREATMENT OF VETERANS EDUCATIONAL BENEFITS IN AFDC,  
RCA, ECA AND RDP

REFERENCE: MPP 44-111.434 - EDUCATIONAL LOANS AND GRANTS

The purpose of this letter is to provide information regarding the treatment of veterans' educational benefits received by AFDC, RCA, ECA or RDP recipients. The Veterans Administration currently provides educational benefits under the GI Bill and the Veterans' Educational Assistance Program (VEAP). The letter responds to questions raised regarding the treatment of the educational benefits received by veterans.

GI BILL

Eligible veterans who served on active duty in the military prior to January 1, 1977 are entitled to receive educational benefits from the Veterans Administration under the GI Bill. The veteran can receive up to 45 months of educational assistance. Under the GI Bill, the Veterans Administration provides all the benefits and the veteran does not make a contribution.

Educational benefits received by AFDC, RCA, ECA or RDP recipients under the GI Bill are treated in accordance with MPP 44-111.43. The benefits are exempt from consideration as income only to the extent the proceeds are used to meet educational expenses. Educational expenses, such as fees, equipment, special clothing, transportation to and from school and child care necessary for school attendance are examples of allowable expenses.

VETERANS' EDUCATIONAL ASSISTANCE PROGRAM (VEAP)

The Post-Vietnam Veterans' Educational Assistance Program is basically a contribution matching program for persons entering active military service after December 31, 1976. Persons on active military duty voluntarily contribute to the VEAP educational fund. Upon discharge from the military, eligible veterans are entitled to receive educational benefits from the Veterans Administration. The

benefits received under VEAP consist of the veteran's contribution and funds provided by the Veterans Administration. The Veterans Administration contributes \$2 for every \$1 previously contributed by the veteran. The veteran may receive up to 36 months of educational benefits under VEAP.

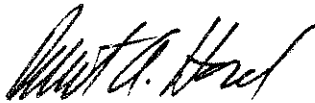
Because the Post-Vietnam Veterans' Educational Assistance Program is funded differently than the GI Bill, the benefits received by AFDC, RCA, ECA or RDP recipients are treated differently. Only the portion of the VEAP benefits provided by the Veterans Administration (two-thirds of the benefit) is treated as an educational grant in accordance with MPP 44-111.434. The veteran's contribution (one-third of the benefit) is a return of the veteran's own money so it is not to be counted either as an educational benefit or as income or property while the veteran is pursuing an education. Because the Veterans Administration does not distinguish between the sources of funding of these benefits when issuing benefit checks, the county must be sure to only count two-thirds of the amount received as an educational grant and to exempt the remaining one-third.

The veteran may elect to withdraw his or her contribution, but forfeits entitlement to matching funds from the Veterans Administration. When a veteran voluntarily withdraws his or her own contribution, the money received should not be counted as income for AFDC purposes because the funds are a return of the veteran's own money. The veteran's unused contribution to VEAP is counted as property upon withdrawal, since the withdrawal from VEAP means that the funds are no longer earmarked specifically for educational purposes.

#### SUMMARY

The key to the treatment of veterans' educational benefits is identifying whether the benefits are being paid under the GI Bill or under the Post-Vietnam Veterans' Educational Assistance Program. The veteran is issued an award letter by the Veterans Administration which indicates the type of educational benefits the veteran will receive. All educational benefits received under the GI Bill are treated in accordance with MPP 44-111.434, while only two-thirds of the VEAP benefits are treated in that manner. The education expenses incurred are to be deducted from the two-thirds portion of the VEAP benefits received. The remaining one-third of VEAP benefits are not counted either as property or as income.

If you have any questions regarding the treatment of veterans educational benefits, please call Jim Mullany at (916) 324-2661 or ATSS 454-2661.



ROBERT A. HOREL  
Deputy Director

cc: CWDA